

01669

1994/01/11

CRS Issue Brief

China-U.S. Relations

Updated January 11, 1994

by
Kerry Dumbaugh
Foreign Affairs and National Defense Division



CONTENTS

SUMMARY

MOST RECENT DEVELOPMENTS

BACKGROUND AND ANALYSIS

U.S.-China Policy in the Bush Administration
Importance of the MFN Issue

Early Clinton Administration
Decision on MFN

New Problems in Late Summer 1993
Yinhe Incident
U.S. Sanctions for M-11 Missile Technology Transfers
China's Underground Nuclear Test
Human Rights
China's Olympics 2000 Bid

Current Policy Situation
Resumption of Military Contacts
Status of Missile-Related Sanctions
Asia Pacific Economic Cooperation Forum (APEC) Meeting

Implications for Congress and U.S. Policy

LEGISLATION

CHRONOLOGY

FOR ADDITIONAL READING

China-U.S. Relations

SUMMARY

China's political situation, while much more positive now than at the time of the 1989 Tiananmen Square crackdown, still presents a mixed picture for U.S. policymakers. At several recent Communist Party meetings, Chinese leaders strongly supported a return to accelerated economic reform, targeted political hardliners as the main threats to Party success, and generally appeared accommodating of a number of U.S. concerns. But despite several leadership changes at the margins, there is still no apparent successor to the aging Deng Xiaoping, no indication that leaders are willing to ease their tight authoritarian control over political matters, and no sign that Beijing may take a softer line on divisive issues such as permitting political reform in Hong Kong. So, the U.S. Government continues to chart its policy course in an atmosphere of uncertainty about China's near-term and longer term political direction.

Uncertainty also characterized the uneven policy course which the Clinton Administration pursued toward China in 1993. For much of the year, the Administration advocated tougher measures focused on human rights and weapons proliferation, including an Executive Order placing further conditions on China's future Most-Favored-Nation (MFN) status. As the year went on, Americans saw U.S.-China relations grow pricklier as old problems persisted and new ones emerged. In September 1993, the Administration appeared to dramatically shift its policy to focus on renewed engagement and dialogue

with Chinese political and military leaders. The new approach included President Clinton's November meeting with China's President, Jiang Zemin, at the Asian Pacific Economic Cooperation (APEC) summit in Seattle. At the same time, the Administration still appears willing to take tough stands on some contentious issues, such as its decision in January 1994 to slash Chinese textile quotas.

Details and purposes of the Administration's policy direction remain ambiguous. As yet there has been little public disclosure of the existence, nature, or tactics of the new approach, and most of what is known comes from somewhat speculative U.S. press accounts describing the statements of U.S. officials. According to some of these reports, officials have justified the new approach in various ways, generally political and economic. But other news coverage has described some Administration officials as unhappy with the new approach and concerned that China may be manipulating circumstances to maximize its political leverage. Adding to the uncertainty, Members of Congress, from whom much of the U.S. criticism of China has come in recent years, travelled to China in record numbers during the summer recess, generally receiving warm and positive receptions in Beijing. It seems likely that the real test of both the Administration's policy choices and congressional attitudes will come in June 1994, when the President must decide whether to renew China's MFN status.

MOST RECENT DEVELOPMENTS

On Jan. 7, 1994, the Administration announced that nonproliferation talks would begin with China on Jan. 26, 1994, in Washington. On Jan. 6, 1994, the Administration announced it would slash Chinese textile quotas by 25-30% in retaliation for China's continuing illegal shipments of textile products in violation of U.S. quotas. On the same day, the U.S. Commerce Department was authorized to approve export licenses for 3 U.S. satellites (manufactured by Hughes Aircraft and Martin Marietta) for launch on Chinese launch vehicles.

On Nov. 20, 1993, President Clinton met with China's President Jiang Zemin at the ministerial summit and leaders meeting of the Asia-Pacific Economic Cooperation (APEC) in Seattle, Washington. Also during the summit, Secretary of State Christopher informed Chinese Foreign Minister Qian Qichen that the United States was dropping its long-standing opposition to China's purchase of an \$8 million Cray supercomputer.

On Aug. 24, 1993, the United States imposed limited Missile Technology Control Regime (MTCR) Category II sanctions on China in response to evidence that China had transferred M-11 missile technology and equipment to Pakistan in violation of MTCR guidelines.

BACKGROUND AND ANALYSIS

U.S.-China Policy in the Bush Administration

China's Tiananmen Square crackdown brought about an end to the routine congressional support for Administration initiatives on China that had characterized U.S. policy since 1980. Between 1989 and 1992, the U.S. policy process on China was characterized by confrontation rather than consensus, with Congress and the Bush Administration clashing repeatedly over the direction and conduct of China policy. President Bush supported a policy of engagement with China. Administration officials often blamed Congress for being "obstructionist" and "partisan" on China issues, while Members of Congress often criticized the President for ignoring congressional initiatives and being too accommodating toward Beijing.

Importance of the MFN issue

Seeking to maximize its influence over the policy process, Congress began to use the President's annual MFN renewal request as a vehicle for registering U.S. disapproval of China's human rights violations, and as a way of keeping pressure on the Bush Administration to be tougher toward China. In 1990, Congress attempted to impose fairly general human rights conditions related to the Tiananmen crackdown. Among them were requirements that China release political prisoners and improve political freedoms. Legislative action on the bill in 1990 was not completed.

As the MFN debate recurred in 1991 and 1992, Congress began to broaden its focus and include new charges involving human rights violations, trade problems, and proliferation allegations. MFN legislation Congress passed in 1991 (H.R. 5318) included

the following as objectives China should meet to retain its MFN status; in addition, Congress considered separate legislation relating to several of the following issues.

- A series of human rights actions, including: preventing violations of internationally recognized human rights; preventing exports of products made by prison labor; ending religious persecution in China and Tibet; and giving international human rights monitors access to Chinese prisons.
- Adherence to international agreements governing nuclear non-proliferation, missile sales, and chemical and biological weapons.
- Cessation of unfair trade practices against American businesses.
- Moderation of China's position opposing Taiwan's accession to the General Agreement on Tariffs and Trade (GATT).
- Adherence to commitments in the Joint Declaration on Hong Kong.

By late 1991, continued congressional pressure and lack of progress by China had prompted the Bush Administration to adopt a somewhat tougher approach toward China. Several new policies closely paralleled congressional concerns. The U.S. Customs Service began investigating the extent to which China was using prison labor to produce export products. On Aug. 7, 1992, the United States and China formally signed a memorandum-of-understanding (MOU) prohibiting Chinese prison labor exports to the United States. In addition, China and the United States agreed to begin regular formal talks, at the Assistant Secretary level, to discuss human rights issues.

Congress considered separate bills in 1992 which mirrored the human rights conditions attached to the broader MFN legislation. Notably, responding to continued Chinese jamming of Voice of America (VOA) broadcasts, Congress incorporated a provision into the Foreign Relations Authorization Act for FY1992 and FY1993 (P.L. 102-138) establishing a Commission on Broadcasting to the People's Republic of China, tasked with exploring the establishment of a separate broadcasting service to China. The Commission's eleven members were appointed by the President, the House Speaker, the Senate Majority Leader, and the House and Senate minority leaders. When the Commission submitted its report six months later, a majority of its members recommended establishing a new service and placing it under direction of the Board for International Broadcasting; a minority opted for augmenting and redesigning VOA services to China.

Also in 1992, Congress enacted the U.S. Hong Kong Policy Act (P.L. 102-383), which set out U.S. policy goals on Hong Kong and established punitive measures should China not adhere to the Joint Declaration on Hong Kong. Congress also enacted the Chinese Student Protection Act (P.L. 102-404), providing that Chinese nationals in the United States who had arrived prior to Apr. 11, 1990, could adjust to permanent resident status beginning July 1, 1993.

Early Clinton Administration

The election of President Clinton and the high turnover in the U.S. Congress in November 1992 suggested that the policy equation the United States had pursued toward China under the Bush Administration would change -- particularly, U.S. policy on China's MFN trading status. President Bush had consistently advocated an approach of engagement with Beijing; he also had strongly opposed congressional efforts to place new restrictions on China's MFN status, and had successfully vetoed each bill Congress passed to do so.

During his campaign, Mr. Clinton staked out a position on China that was markedly different from that pursued by the Bush Administration. He stated his belief that the United States should use its economic leverage to promote democracy in China. He supported congressional action to link China's MFN status with its human rights policies, and supported a number of other congressional initiatives. As President, Clinton's decision on January 19 to appoint Winston Lord as Assistant Secretary of State for East Asia reinforced the view that he would pursue a tougher policy toward China. Mr. Lord, a former Ambassador to Beijing in the Bush Administration and most recently Chairman of the National Endowment for Democracy, had been outspokenly critical of both China and the Bush Administration's policy in recent years.

In its first months in office, the new Administration kept a low profile on U.S.-China relations. For much of this time, U.S. officials were undergoing an interagency review on China policy and avoiding comments on what direction the policy would take. When Administration statements were made, they tended to focus on U.S. concerns about the MFN issue, and were vague about whether China's MFN status may be in jeopardy because of White House decisions or from congressional actions. Visiting Beijing on May 11, 1993, Assistant Secretary Lord warned Chinese leaders that conditions were likely to be attached to their future MFN status.

Decision on MFN

The MFN decision was the Administration's first major test on U.S.-China relations. Under U.S. law, China's eligibility for MFN status is subject to an annual renewal, which the President must request by June 3, and which automatically goes into effect if Congress does not enact a joint resolution of disapproval within 60 days. On May 28, 1993, President Clinton issued a Report to Congress and an Executive Order which effectively continued China's unconditional MFN status for another year (through July 1994), but placed conditions on China's MFN status in succeeding years. In the accompanying Report to Congress, the President reiterated his campaign theme that human rights was "a cornerstone of [the Administration's] foreign policy." As in the three previous years under President Bush, Members of Congress introduced a joint resolution to disapprove the President's recommendation (H.J.Res. 208, Solomon), which was subject to the 60-day timetable; in addition, Members had again introduced legislation to require that conditions be placed on China's MFN status (S. 806, Mitchell, and H.R. 1890, Pelosi), measures which Congress could act upon at any time.

Under the President's Executive Order, the Secretary of State may not recommend an extension of China's MFN treatment in 1994 unless he determines (1) that China has abided by its 1992 agreement with the United States to halt exports of prison labor products to the United States, and (2) that an extension will substantially promote the

freedom-of-emigration objectives in the Jackson-Vanik amendment to the 1974 Trade Act. In addition, in making his recommendation the Secretary must determine whether China has made overall significant progress in human rights, including:

- adhering to the Universal Declaration of Human Rights
- releasing and acceptably accounting for political prisoners
- ensuring humane treatment of prisoners
- protecting Tibet's religious and cultural heritage, and
- permitting international radio and television broadcasts into China.

The Executive Order further stated that the Administration would pursue other legislative and executive actions to ensure that China complied with trade agreements and adhered to the Non-Proliferation Treaty (NPT), Missile Technology Control Regime (MTCR), and other nonproliferation commitments.

On the whole, the immediate reaction to the President's MFN decision was positive. The House and Senate sponsors of conditioning legislation, both Democrats, expressed their support for the President's Executive Order over their own bills. In effect this suspended, for the remainder of the year, what had become a rancorous annual congressional debate on MFN conditionality; neither bill was acted upon in 1993. Many thought that Chinese officials also seemed relieved over the May 28 decision; although the Chinese Foreign Ministry lodged a "strong protest" -- the first such protest since February 1990 -- its statements concerning the decision were relatively restrained. Chinese officials were aware that the two MFN bills pending before Congress would have greatly reduced the Administration's flexibility in determining China's future MFN status. By early June, then, the U.S. MFN debate seemed to have been given a reprieve. Many observers thought that the President's action would improve U.S.-China relations and limit the prospects for contentiousness for at least the remainder of the year.

New Problems in Late Summer 1993

The breathing spell that the May 1993 MFN decision bought for U.S.-China relations lasted less than three months. By late summer, several of the long-standing irritants in the relationship were newly raw. As a series of confrontations developed over human rights and weapons proliferation, neither the United States nor China appeared to be pursuing consistent policies. The relationship, far from being stabilized, eroded further with a rapidity that startled most observers. During August and September 1993, China issued 4 "strong protests" against various U.S. actions, accompanied by unusually harsh rhetoric criticizing American intentions and objectives. U.S. officials reportedly became concerned enough about the tone of the protests to begin a reassessment of U.S. policy, a process which culminated in September with the President's signing of an action memorandum.

Yinhe Incident

In late July, 1993, the U.S. Navy began following a Chinese cargo ship, the "Yinhe," which U.S. intelligence sources believed to be on its way to Iran with a shipment of chemicals used in the making of mustard and nerve gases. The Chinese government consistently denied that the ship was transporting any chemical weapons

materials, and objected to U.S. actions to prevent the ship from docking. Finally, Saudi Arabia agreed to allow it to dock in Dammam for a joint inspection by Chinese, Saudi, and U.S. representatives. That inspection, conducted on September 4, found no evidence of any chemical weapons materials on board. The Chinese government issued yet another "strong protest" after the results of the inspection, demanding a public apology from the United States as well as compensation for all financial losses that the delay cost the Yinhe.

U.S. Sanctions For M-11 Missile Technology Transfers

On Aug. 24, 1993, approximately the same day that the Yinhe was docking in Saudi Arabia, the Administration determined that China in 1992 had transferred M-11 missile-related technology to Pakistan in violation of MTCR guidelines, which China has promised to honor. The U.S. decision was made on the basis of information provided by U.S. intelligence sources. In the face of such evidence, and as required by the Arms Export Control Act (AECA) and the Export Administration Act (EAA), the Administration announced it was imposing "Category II" sanctions against 1 Pakistani entity and 11 Chinese arms exporting entities. Under U.S. law, the President may waive the sanctions if he determines it is "essential" to U.S. national security.

A U.S. State Department spokesman said that the sanctions would not affect current orders China had placed with U.S. firms, but only future orders. On Aug. 27, 1993, the Chinese Foreign Ministry issued a "strong protest" over the new U.S. sanctions, calling them "unjustifiable" and even "fabricated." It was expected that the most immediate effect of the sanctions may be to prohibit export licenses for 3 U.S. communications satellites which were to be sent to China for launch on Chinese rockets.

Allegations that China is exporting M-11 missile technology and components to Pakistan have been circulating for several years. On a number of occasions, U.S. officials have sought and received assurances to the contrary from China. In November 1991, then-Secretary of State James Baker said the Chinese had agreed to observe the MTCR guidelines and parameters, and that the Americans "understand that this applies to the M-9 and M-11 missiles." In exchange for receiving that assurance, the United States lifted sanctions that President Bush had imposed against two Chinese companies several months earlier, in June 1991. Reportedly, the Chinese Foreign Minister later sent a written message (received on Feb. 1, 1992, but not yet made public) to Baker, confirming China's commitment to the MTCR and to not transfer M-9 and M-11 missiles. China has promised to abide by the MTCR, but is neither a member nor a formal adherent.

China's Underground Nuclear Test

On July 3, 1993, President Clinton called for the world's nuclear states -- China, Russia, France, and Britain -- to join the United States in an informal moratorium on nuclear testing. China publicly opposed the U.S. moratorium at that time. In mid-September, press accounts began reporting that U.S. officials believed China was getting ready to test a nuclear weapon. According to reports, the information was based on classified U.S. satellite intelligence. President Clinton called on the Chinese to drop the plans for their nuclear test; a Chinese Foreign Ministry spokeswoman claimed no knowledge of an impending test as late as the end of September.

China did conduct an underground nuclear test on Oct. 5, 1993. Responding to U.S. criticism, Chinese officials stated that they had conducted tests infrequently compared to the United States. (According to the Bulletin of the Atomic Scientist, China's October 1993 nuclear test was its 39th; in December 1993, U.S. Secretary of Energy Hazel O'Leary in a press conference stated that the United States had conducted 1,051 underground nuclear tests.) Chinese officials also criticized the United States for trying to limit China's ability to develop its nuclear defense capabilities. Reflecting their awareness of international sensitivity to the nuclear testing issue, the Chinese took the unusual step of issuing a lengthy official explanation of the rationale for their test. Experts have speculated that China is in the process of producing a new generation of nuclear weapons with multiple warhead capacity, and that additional tests will probably be necessary to complete the modernization program.

The reaction to the actual test within the U.S. policy community was divided. Some saw the Chinese decision to proceed with their test to be a gesture of defiance in response to U.S. concerns, particularly in light of the multiplying U.S.-China troubles of September. Others stated that it was simply too late for the Chinese to cancel the test after the U.S. call for a moratorium. In Congress, 77 House Members signed Representative Martin Sabo's petition calling for the United States to continue its moratorium on nuclear weapons testing despite the Chinese test.

Human Rights

China's human rights record during the summer presented a mixed picture, with both minor improvements and setbacks. On the positive side, China released Wei Jingsheng, China's most publicized political prisoner, 6 months before the end of his 15-year sentence. Wei had been imprisoned for writing articles in support of democracy and critical of Deng Xiaoping. But many thought Wei's release was motivated more by the impending decision of the International Olympic Committee (IOC) on the host country for the year-2000 games, for which China was a contender. There were other negative human rights cases. One which received wide publicity was the summary expulsion on August 13 of Han Dongfang, a labor activist during the Tiananmen demonstrations. Han had left China to seek medical treatment in the United States; upon his return to China, he was essentially stripped of his citizenship and passport and forced out of the country at the Hong Kong border. No charges were pending against him, and no explanation was given.

China's Olympics 2000 Bid

China's unsuccessful bid in September to host the Olympics in the year 2000 also seemed to contribute to tensions in U.S.-China relations. Chinese leaders had placed great importance on the prestige that hosting the Olympics would provide. Reporters interviewing Chinese citizens after the vote quoted some as saying that the loss was to be blamed on the United States because of strong U.S. opposition to the Chinese bid. In particular, much press attention was given to the resolution passed by the House of Representatives (H.Res. 188, Lantos), opposing Beijing as the site for the games.

Current Policy Situation

The events described above, telescoped as they were in just two months, kept significant press attention on China and on continuing U.S. confrontations with China. It was also a period in which mounting world criticism was being leveled at the Clinton Administration's foreign policy performance. Evidence that the Administration may be changing its policy approach toward China first surfaced in September 1993, in the middle of the increased attention on U.S.-China relations.

According to press reports, President Clinton signed a classified "action memorandum" in mid-month which involved a new direction in China policy for the United States. According to senior U.S. officials, it was drafted because the previous policy approach was failing, and had not been able to prevent escalating confrontations in U.S.-China relations. By the end of the month, Administration officials appeared to have begun acting under the new directive.

On September 25, National Security Advisor Anthony Lake outlined the new approach to China's Ambassador to the United States, Li Daoyu, and reportedly bluntly described the Administration's concerns. Chief among these was the growing concern that the United States would not be able to renew China's MFN status in 1994 if the downward trend in relations continued. The meeting with the Chinese Ambassador was followed by Secretary of State Warren Christopher's September 30 meeting in New York with Chinese Foreign Minister Qian Qichen. Over the next few weeks, a procession of high-level U.S. officials visited Beijing. Together, they represented all three of the contentious issues that had driven U.S.-China relations in recent years -- human rights, trade, and non-proliferation. The officials included the following.

- Assistant Secretary of State for Human Rights, John Shattuck, who went to initiate a human rights dialogue with China, and also visited Tibet (October 12).
- Secretary of Agriculture Mike Espy, to discuss China's purchases of U.S. grain, particularly wheat (October 15).
- Deputy U.S. Trade Representative Charlene Barshefsky, to discuss general trade issues (October 23).
- Assistant Secretary of Defense Charles Freeman, to discuss regional security issues, China's role in future peacekeeping missions, and weapons proliferation (November 1).

Resumption of Military Contacts

The Freeman visit was probably the most significant contact to result from the September action memorandum. Although the United States had developed close military ties and cooperation with China during the 1980s -- even selling China some military equipment and weapons systems -- military contacts had been suspended since the 1989 Tiananmen Square crackdown. Unlike some other post-Tiananmen U.S. sanctions, which were gradually waived or lifted in the years after the crackdown, U.S.-China military contacts were thought too sensitive to resume in light of the Chinese military's role in crushing the democracy demonstrations. The Freeman visit effectively

ended the ban which had been in place since June 5, 1989, in the Bush Administration.

The decision to resume military contacts reportedly reflected the depth of U.S. Administration officials' concerns about a number of disturbing trends in China. One of these was the view of some U.S. officials that Chinese and Hong Kong news articles over the summer had become starkly critical of the United States. The unusual harshness of these articles was thought to reflect the views of senior Chinese leaders, and suggested that Beijing was beginning to toughen its stand against various American demands. A second, more ominous development, according to some in the U.S. military, was the observation that the People's Liberation Army (PLA), formerly a chief proponent of closer U.S. ties, had begun to reassess its views of China's security threats. U.S. experts believed the PLA was developing deep suspicions of American intentions toward China, and was becoming more inclined to challenge U.S. political and military interests. According to U.S. press reports, a classified U.S. Intelligence Estimate on China warned that China's military leaders were beginning to see the United States, and not the former Soviet Union, as China's principal enemy. The Clinton Administration apparently hoped that the Freeman visit and future military dialogues would help defuse this trend.

Status of Missile-related Sanctions

On Aug. 25, 1993, the day following the imposition of sanctions because of Chinese missile technology transfers, Undersecretary of State Lynn Davis stated on the MacNeil-Lehrer Report that the United States had told the Chinese in specific terms what they would need to do to receive a national security waiver of the sanctions. According to a State Department official, U.S. officials at various levels continue to make similar statements in meetings with their Chinese counterparts. Although details of the U.S. statements have not been disclosed, some have speculated that to receive a national security waiver, Beijing would need to make a renewed promise, in greater detail and with more legal force, that no missiles or related components would be shipped to Pakistan or any country in the future. To date, the Chinese have made no such promises. But on Jan. 7, 1994, the Administration announced that China and the United States would begin non-proliferation talks in Washington on Jan. 26, 1994, to address the M-11 allegations and the resulting U.S. sanctions. In addition, the U.S. Commerce Department has been authorized to approve export licenses for 3 U.S. communications satellites which were to be sent to China for launch, on the grounds that the satellites were not covered by the August 24 sanctions; it had been anticipated that the licenses would be a casualty of the U.S. sanctions.

Asia Pacific Economic Cooperation Forum (APEC) Meeting

The 1993 Ministerial and Leaders' Meeting of APEC, which the United States hosted in Seattle in November 1993, provided another opportunity for the Administration to engage with Chinese leaders. Prior to the APEC meeting, on Nov. 17, 270 Members of the U.S. House of Representatives signed a letter to President Clinton expressing their concern for China's lack of progress in meeting conditions on human rights, trade, and prevention of weapons proliferation. When President Clinton met with China's President, Jiang Zemin, in a private 90-minute meeting during the APEC summit, he urged the Chinese leader to demonstrate "early concrete progress" on these conditions. He also specifically asked China to permit International Red Cross inspections of Chinese prisons; begin a dialogue with the Dalai Lama, Tibet's spiritual

leader; and allow U.S. Customs officials to inspect Chinese prisons under the terms of a U.S.-China agreement of August 1992 covering exports of prison-made goods. Mr. Jiang responded with a conventional Chinese deflection -- that U.S.-China dialogue should be conducted on the basis of mutual respect, without "interference in one another's affairs"; and that the United States would have to lift its remaining sanctions before meaningful negotiations could take place.

Also during the APEC leaders meeting, Secretary of State Christopher, meeting with Chinese Foreign Minister Qian Qichen, told his counterpart that the United States was dropping its long-standing opposition to China's purchase of an \$8 million Cray supercomputer. U.S. officials defended the decision by saying that it was a goodwill gesture toward China, and that monitoring of the supercomputer's use will assure it is not used by the military. China has said that the computer will be used for weather forecasting.

The Clinton/Jiang meeting, though significant in its symbolism, made little progress on the principal problems in the relationship. Some suggested the meeting was a coup for Beijing, since it provided access to the American President without committing China to any of his proposals. Others concluded that Clinton's firm reiteration of U.S. human rights policies during the meeting, conducted as it was within the context of an economic forum, demonstrated the Administration's growing concern over the possibility that the President would have to rescind China's MFN trading status in June 1994.

Implications for Congress and U.S. Policy

It remains difficult to judge the state of the U.S.-China relationship, and what U.S. policy choices are likely to be made over the shorter term. Many observers who have followed U.S.-China relations for years have expressed frustration with what they see as the Clinton Administration's failure to articulate and explain its varied policy decisions. Congressional attitudes also remain uncertain. During the year, Members have continued to speak on trade, human rights, and non-proliferation issues involving China, and have sent letters to the Administration expressing concern on these issues. But Congress also supported a number of Administration decisions during the year, including the President's May 28 decision on China's MFN status. In addition, a large number of Members travelled to China during the August recess. These two developments represent differences from congressional attitudes and actions on China during the Bush Administration.

In the post-Tiananmen period, the United States continues to have significant economic, security, foreign policy, human rights, and other interests in China. Nor are these interests necessarily compatible; pursuing a policy course to promote one often involves trade-offs in another. For example, making non-proliferation or human rights the highest U.S. policy priority could derail the sizeable and growing U.S. environmental cooperation with China to reduce the country's CO² emissions, now the fastest growing in the world. Moreover, those who argue for making any one of these interests a dominant factor in U.S. policymaking sometimes have not agreed on what the specific U.S. objectives should be or on what approach would achieve those objectives. As a result, the real trade-offs and difficulties facing U.S. policy decisions relate less to maintaining good or bad relations with China than to deciding what

should be our policy priorities. It is unclear at this point whether such choices have been made and, if so, what they are.

Moreover, in the wake of the 1993 APEC summit and leaders meeting, President Clinton's call for focusing U.S. foreign policy attention on Asia has raised the stakes for U.S. China policy and U.S. credibility. If the President's vision of a "Pacific Community" is to be realized, then a good working relationship with China will be a crucial component. No comprehensive movement on economic, security, human rights, or environmental issues in the region would seem possible without China's active participation.

In the uncertainty of the current U.S. policy environment, the outcome of the June 1994 renewal request for China's MFN status takes on added importance. Until the MFN decision is made, congressional actions toward China are likely to remain focused on specific instances of human rights abuse, proliferation problems, and trade infractions rather than on China's overall record in these areas. In any event, the President will be faced with a difficult choice in the months leading up to June 1994. If the Secretary of State recommends that China's MFN status be renewed based on its having met the conditions of the May 28 Executive Order, the President runs the risk of alienating Congress -- perhaps facing a veto fight -- and may jeopardize his credibility to impose meaningful conditions in the future. If the Secretary makes a negative recommendation, thereby withdrawing China's MFN status, the result will damage U.S. business and economic interests; effectively end the President's vision of the "Pacific Community"; and significantly harm U.S.-China relations.

In the intervening months, both the White House and Congress will undoubtedly work to avert a showdown on MFN by continuing to use other avenues to press for concessions on trade, proliferation, and human rights. China's renewed emphasis on rapid economic reform provides opportunities for U.S. officials to seek an expansion of trade, investment, and other economic contacts. Such contacts could also lead to greater bilateral consensus and cooperation on strategic and foreign policy issues such as weapons non-proliferation, technology transfer, and regional security dialogue. In addition, U.S. officials could find China to be a cooperative partner on a number of regional problems that are of concern to the United States and over which China has considerable influence. These could include such things as attempting to convince North Korean leaders to comply with international nuclear inspection programs; intervening to lower North Korea's hostile posture toward South Korea, where thousands of U.S. troops are stationed; and being willing to compromise and negotiate over competing claims in the Spratly Islands, where China is one of the claimants.

But potential flashpoints could also affect the political process in the coming months. Widely publicized arrests and trials of political activists could refocus attention on China's political authoritarianism and away from shared economic and security interests. The possible death of Deng Xiaoping, now 89 and in extremely poor health, could spark unrest in China and a struggle for political succession that would contribute markedly to the uncertain policy environment. An even stronger negative reaction by China to Hong Kong's efforts to achieve more political autonomy could erode some congressional support for engagement and could threaten U.S. business interests. Such cases would strengthen the position of U.S. policymakers who emphasize that the United States and China have fundamental underlying conflicts and

differing value systems that are unlikely to moderate, and who argue that the United States should take no actions that might benefit the current Chinese government.

LEGISLATION

H.R. 1835 (Pelosi)

United States-China Act of 1993. Concerning China's MFN status beginning in June 1994, prohibits the President from requesting an extension of his Jackson-Vanik waiver authority (thus extending China's MFN status) unless he reports to Congress that China has begun adhering to the Universal Declaration of Human Rights and allowing unrestricted emigration; has accounted for citizens detained or accused in connection with the Tiananmen Square demonstrations and released those imprisoned; has taken action to prevent exports of forced-labor products and complied with the 1992 MOU by allowing U.S. Customs officials to visit places suspected of producing such exports; and has made significant progress in the following: ending religious persecution in China and Tibet and releasing persons detained for expression of religious beliefs; ceasing unfair trade practices; adhering to the guidelines of the Missile Technology Control Regime, Nuclear Suppliers Group, and Australia Group on Chemical and Biological Arms; adhering to the Joint Declaration on Hong Kong; cooperating with the United States in efforts to account for U.S. MIAS in the Korean and Vietnam wars; ceasing the jamming of Voice of America broadcasts; and providing international human rights and humanitarian groups access to prisoners, trials, and places of detention. If the President recommends the extension of the waiver in 1994, his report must state the extent of China's compliance with these provisions. Introduced Apr. 22, 1993; referred jointly to Committees on Ways and Means, Rules, and Foreign Affairs; hearing on U.S.-China trade relations by Ways and Means Trade Subcommittee on June 8, 1993.

S. 806 (Mitchell)

United States-China Act of 1993. Similar to H.R. 1835 with the exception of an additional requirement that China make significant progress in halting incentives to encourage non-Tibetans to relocate in Tibet. Introduced Apr. 22, 1993; referred to Committee on Finance.

CHRONOLOGY

- 01/07/94 --** The United States announced it would begin non-proliferation talks with China in Washington on Jan. 26, 1994.
- 01/06/94 --** The U.S. Commerce Department was authorized to issue export licenses for 3 U.S. communications satellites to China.
- 01/06/94 --** The United States announced it would slash China's textile quotas by 25-30% in retaliation for China's illegal textile shipments.
- 11/19/93 --** The Ministerial and Leaders' Meeting of APEC began in Seattle, hosted by the United States.

- 11/18/93 -- Secretary of State Christopher announced the United States was dropping its opposition to the sale of an \$8 million Cray supercomputer to China.
- 11/17/93 -- 270 Members of the House of Representatives signed a letter to President Clinton expressing their concern over China's lack of progress in meeting human rights objectives
- 11/03/93 -- U.S.-China military talks in Beijing concluded with an agreement to a "modest" agenda of future dialogue and professional exchanges on such topics as international peacekeeping operations and conversion of defense industries to civilian use.
- 11/01/93 -- Assistant Secretary of Defense Charles Freeman began two days of talks in Beijing; they were the highest-level military talks between the two countries since Tiananmen Square in 1989.
- 10/23/93 -- U.S. Deputy Trade Representative Charlene Barshevsy went to Beijing to discuss general trade issues
- 10/20/93 -- U.S. Secretary of State Warren Christopher said China's MFN status next year was in danger unless Beijing improved its record on human rights, weapons sales, and trade practices.
- 10/15/93 -- Secretary of Agriculture Mike Espy went to Beijing to discuss China's purchases of U.S. grains, especially wheat
- 10/12/93 -- John Shattuck, Assistant Secretary of State for Human Rights, visited Beijing to initiate an ongoing dialogue on human rights issues.
- 10/05/93 -- China conducted an underground nuclear test, despite a U.S. call in July for an informal ban on such testing.
- 09/30/93 -- Secretary of State Warren Christopher met with China's Foreign Minister Qian Qichen in New York.
- 09/25/93 -- National Security Advisor Anthony Lake met China's Ambassador to the U.S., Li Daoyu, to initiate efforts to restore high-level U.S.-China contacts across the board.
- 09/23/93 -- The International Olympics Committee rejected Beijing's bid for the 2000 Olympics in favor of the bid of Sydney, Australia.
- 09/04/93 -- An inspection, watched by U.S. observers, of the Chinese ship, the Yinhe, revealed no chemical weapons ingredients on board. The Chinese filed another strong protest after the search.
- 08/24/93 -- The United States announced it would impose on China the sanctions required by U.S. law because of China's sale of missile technology to Pakistan. The Chinese government lodged a strong protest.

- 08/13/93 -- Chinese labor activist Han Dongfang was stripped of his passport and expelled from China, without explanation.
- 08/08/93 -- Beijing lodged a strong protest accusing Washington of harassing a Chinese ship, the Yinhe. Washington said the ship was believed to be carrying chemical weapons bound for Iran.
- 07/23/93 -- According to later accounts by Beijing, U.S. Navy ships began shadowing the Chinese ship, the Yinhe.
- 05/28/93 -- President Clinton requested authority to renew China's MFN status for another year, but indicated that he would consider new human rights criteria in considering the MFN renewal in 1994.
- 05/11/93 -- U.S. Assistant Secretary of State Winston Lord warned Chinese leaders in Beijing that conditions were likely to be attached to their future MFN status. Lord was the most senior Clinton Administration official to have visited China to date.
- 04/13/93 -- The British and Chinese governments jointly announced that talks on the dispute over Hong Kong would begin on Apr. 22, 1993.
- 01/19/93 -- President Clinton named former Ambassador to China Winston Lord as his designee for Assistant Secretary of State for East Asia and Pacific Affairs. Ambassador Lord had been outspokenly critical of China in recent years.

FOR ADDITIONAL READING

- U.S. Library of Congress. Congressional Research Service. *China and Congress in 1992*, by Kerry Dumbaugh. [Washington] Oct. 12, 1993.
CRS Report 93-894 F
- *China-U.S. Trade Issues*, by Wayne Morrison.
CRS Issue Brief 91121
- *Chinese Missile and Nuclear Proliferation*, by Robert Shuey.
CRS Issue Brief 92056
- *Most-Favored-Nation Status of the People's Republic of China*, by Vladimir Pregelj.
CRS Issue Brief 92094
- *Hong Kong: Sino-British Disputes and Implications for U.S. Interests*, by Kerry Dumbaugh.
CRS Issue Brief 93057